



RFP# 22-019  
Calhoun County

**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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AUDIT REPORT OF  
CALHOUN COUNTY COMMISSION  
REGULAR AUDIT

For the Year Ended June 30, 2019  
Fiscal Year Audited Under GAGAS: 2019

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FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

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**CALHOUN COUNTY, WEST VIRGINIA  
SCHEDULE OF FUNDS INCLUDED IN REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**GOVERNMENTAL FUND TYPES**

**MAJOR FUNDS**

General  
Coal Severance Tax  
E-911  
County Excess Levy

**NONMAJOR FUNDS**

*Special Revenue Funds*

Dog and Kennel  
General School  
Magistrate Court  
Worthless Check  
Home Confinement  
Concealed Weapons  
Jury and Witness  
Pros. Atty Drug  
Sheriff's Drug  
Hud Drig  
Assessor's Valuation

**FIDUCIARY FUND TYPE**

*Agency Funds*

State  
School  
Municipal  
Other Agency

**CALHOUN COUNTY, WEST VIRGINIA  
COUNTY OFFICIALS  
For the Fiscal Year Ended June 30, 2019**

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OFFICE	NAME	TERM
<u>Elective</u>		
County Commission:	Kevin Helmick	01-01-13 / 12-31-18
	Scottie Westfall II	01-01-15 / 12-31-20
	Michael Hicks	01-01-17 / 12-31-22
	Kevin Helmick	01-01-19 / 12-31-24
Clerk of the County Commission:	Jean Simers	01-01-17 / 12-31-22
Clerk of the Circuit Court:	Sheila R. Garretson	01-01-17 / 12-31-22
Sheriff:	Jeffery Starcher	01-01-17 / 12-31-20
Prosecuting Attorney:	Shannon Johnson	01-01-17 / 12-31-20
Assessor:	Jason Nettles	01-01-17 / 12-31-20



**Independent Auditor's Report**

Calhoun County Commission  
363 Main St.  
Grantsville, West Virginia 26147

To the County Commission:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calhoun County Commission, West Virginia (the Commission), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Commission's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Calhoun County Commission, West Virginia, as of June 30, 2019, and the respective changes in financial position and the respective budgetary comparisons for the General Fund and Coal Severance Tax Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis*, the information related to the defined benefit pension plan, and the information related to the other post-employment benefits listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. The Commission has omitted the management's discussion and analysis. Our opinion on the basic financial statements is not affected by this missing information.

We applied certain limited procedures to the required supplementary information related to the defined benefit pension plan and the other post-employment benefits in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide and assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Commission's basic financial statements taken as a whole.

The introductory section presents additional analysis and is not a required part of the basic financial statements.

The Budgetary Comparison Schedule – Assessor's Valuation Fund presents additional analysis and is not a required part of the basic financial statements.

The schedule is management's responsibility and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements.

We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section to the auditing procedures applied to the basic financial statements and, accordingly, we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2022, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc  
Huntington, West Virginia  
March 19, 2022

**CALHOUN COUNTY, WEST VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

		Primary Government
		Governmental Activities
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$	743,652
Receivables:		
Taxes		76,266
Total current assets		<u>819,918</u>
Restricted assets:		
Capital assets:		
Nondepreciable:		
Land		30,000
Depreciable:		
Buildings and improvements		1,052,781
Contents		231,259
Machinery and equipment		494,937
Less: accumulated depreciation		(1,316,557)
Net Pension Asset		9,363
Total noncurrent assets		<u>501,783</u>
Total assets		<u>1,321,701</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred outflows of resources related to pensions	\$	111,615
Deferred outflows of resources related to OPEB		<u>49,615</u>
Total deferred outflows of resources		<u>161,230</u>
<b>LIABILITIES:</b>		
Current liabilities payable from current assets:		
Accounts payable		58,618
Noncurrent liabilities:		
Net pension liability		144,741
Net OPEB liability		<u>454,727</u>
Total liabilities		<u>658,086</u>
<b>DEFERRED INFLOWS:</b>		
Deferred inflows of resources related to pensions		163,722
Deferred inflows of resources related to OPEB		<u>137,474</u>
Total deferred inflows of resources		<u>301,196</u>
<b>NET POSITION:</b>		
Net investment in capital assets		492,420
Unrestricted		<u>31,229</u>
Total net position	\$	<u><u>523,649</u></u>

See accompanying notes to the basic financial statements.



**CALHOUN COUNTY, WEST VIRGINIA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2019**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government  Governmental Activities
Primary Government:					
General Government	\$ 1,177,085	\$ 682,004	\$ 40,409	\$ -	\$ (454,672)
Public Safety	1,090,718	-	-	-	(1,090,718)
Health and Sanitation	2,440	-	-	-	(2,440)
Culture and Recreation	4,462	-	-	-	(4,462)
Social Services	19,200	-	-	-	(19,200)
<b>Total Primary Government</b>	<u>\$ 2,293,905</u>	<u>\$ 682,004</u>	<u>\$ 40,409</u>	<u>\$ -</u>	<u>(1,571,492)</u>

General Revenues:

Ad valorem property taxes	1,231,056
Alcoholic beverages tax	586
Gas and oil severance tax	46,980
Other taxes	75,277
Coal severance tax	20,939
Licenses and permits	18,212
Unrestricted investment earnings	185
Refunds	404,501
Miscellaneous	123,146
<b>Total General Revenues</b>	<u>1,920,882</u>
 Change in Net Position	 349,390
 Net Position, Beginning	 <u>174,259</u>
 Net Position, End of the Year	 <u>\$ 523,649</u>

See accompanying notes to the basic financial statements.

**CALHOUN COUNTY, WEST VIRGINIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2019**

	<u>General</u>	<u>Coal Severance Tax</u>	<u>E911</u>	<u>County Excess Levy</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
<b>Current:</b>						
Cash and cash equivalents	\$ 277,021	\$ 311	\$ 305,594	\$ 2,874	\$ 157,852	\$ 743,652
Receivables:						
Taxes	<u>61,371</u>	<u>--</u>	<u>--</u>	<u>14,895</u>	<u>--</u>	<u>76,266</u>
Total assets	<u>\$ 338,392</u>	<u>\$ 311</u>	<u>\$ 305,594</u>	<u>\$ 17,769</u>	<u>\$ 157,852</u>	<u>\$ 819,918</u>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable	<u>58,618</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>58,618</u>
Total liabilities	<u>58,618</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>58,618</u>
<b>Deferred Inflows:</b>						
Unavailable revenue - taxes	<u>50,772</u>	<u>--</u>	<u>--</u>	<u>12,323</u>	<u>--</u>	<u>63,095</u>
Total deferred inflows of resources	<u>50,772</u>	<u>--</u>	<u>--</u>	<u>12,323</u>	<u>--</u>	<u>63,095</u>
Total liabilities and deferred inflows of resource:	<u>109,390</u>	<u>--</u>	<u>--</u>	<u>12,323</u>	<u>--</u>	<u>121,713</u>
<b>Fund balances:</b>						
Restricted	--	--	305,594	5,446	157,852	468,892
Assigned	--	311	--	--	--	311
Unassigned	<u>229,002</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>229,002</u>
Total fund balances	<u>229,002</u>	<u>311</u>	<u>305,594</u>	<u>5,446</u>	<u>157,852</u>	<u>698,205</u>
Total liabilities and fund balances	<u>\$ 338,392</u>	<u>\$ 311</u>	<u>\$ 305,594</u>	<u>\$ 17,769</u>	<u>\$ 157,852</u>	<u>\$ 819,918</u>

The notes to the financial statements are an integral part of this statement.

**CALHOUN COUNTY, WEST VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2019**

Total fund balances on the governmental fund's balance sheet	\$	698,205
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds. (Note IV.C.)		492,420
Deferred outflows and inflows of resources related to pensions and deferred charges or credits on debt refunding are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflow- Changes in employer portion and differences between contributions and proportionate share of pension expense (Note V)		14,499
Deferred outflow- Changes in employer portion and differences between contributions and proportionate share of OPEB expense (Note V)		8,229
Deferred outflow- Net difference between expected and actual experience pension (Note V)		9,399
Deferred outflow - Employer contributions to pension plan after measurement date (Note V)		87,717
Deferred outflow - Employer contributions to OPEB plan after measurement date (Note V)		41,386
Deferred inflow- Changes in employer portion and differences between contributions and proportionate share of pension expense (Note V)		( 23,853)
Deferred inflow- Changes in employer portion and differences between contributions and proportionate share of OPEB expense (Note V)		( 103,175)
Deferred inflow - Net difference between projected and actual earning on pension plan investments (Note V)		( 94,626)
Deferred inflow - Net difference between projected and actual earning on OPEB plan investments (Note V)		( 8,417)
Deferred inflow- Net difference between expected and actual experience (Note V)		( 15,046)
Deferred inflow- Net difference between expected and actual experience OPEB (Note V)		( 6,726)
Deferred inflow - Changes in assumptions (Note V)		( 3,949)
Deferred inflow - Changes in assumptions OPEB (Note V)		( 45,404)
Certain revenues are not available to fund current year expenditures and therefore are deferred in the funds. (Note IV.B.)		63,095
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. - Net Pension Liability		<u>( 590,105)</u>
Net position of governmental activities	\$	<u><u>523,649</u></u>

The notes to the financial statements are an integral part of this statement.

**CALHOUN COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2019**

	<u>General</u>	Coal Severance <u>Tax</u>	<u>E911</u>	County Excess <u>Levy</u>	Other Nonmajor Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 991,979	\$ --	\$ --	\$ 232,494	\$ --	\$ 1,224,473
Alcoholic beverages tax	586	--	--	--	--	586
Gas and oil severance tax	46,980	--	--	--	--	46,980
Other taxes	25,205	--	--	--	50,072	75,277
Coal severance tax	--	20,939	--	--	--	20,939
Licenses and permits	6,052	--	--	--	12,160	18,212
Intergovernmental:						
State	40,409	--	--	--	--	40,409
Charges for services	97,832	--	494,440	7,281	80,301	679,854
Fines and forfeits	--	--	--	--	2,150	2,150
Interest and investment earnings	38	--	--	--	147	185
Refunds	404,501	--	--	--	--	404,501
Miscellaneous	50,767	--	--	--	72,379	123,146
	<u>1,664,349</u>	<u>20,939</u>	<u>494,440</u>	<u>239,775</u>	<u>217,209</u>	<u>2,636,712</u>
Total revenues						
<b>EXPENDITURES</b>						
Current:						
General government	1,213,091	20,691	--	--	15,890	1,249,672
Public safety	785,582	--	68,820	163,827	79,698	1,097,927
Health and sanitation	2,440	--	--	--	--	2,440
Social services	19,200	--	--	--	--	19,200
	<u>2,020,313</u>	<u>20,691</u>	<u>68,820</u>	<u>163,827</u>	<u>95,588</u>	<u>2,369,239</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>( 355,964)</u>	<u>248</u>	<u>425,620</u>	<u>75,948</u>	<u>121,621</u>	<u>267,473</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	475,065	--	--	--	--	475,065
Transfers (out)	--	--	( 318,118)	( 76,511)	( 80,436)	( 475,065)
	<u>475,065</u>	<u>--</u>	<u>( 318,118)</u>	<u>( 76,511)</u>	<u>( 80,436)</u>	<u>--</u>
Total other financing sources (uses)						
Net change in fund balances	119,101	248	107,502	( 563)	41,185	267,473
Fund balances - beginning	109,901	63	198,092	6,009	116,667	430,732
Fund balances - ending	<u>\$ 229,002</u>	<u>\$ 311</u>	<u>\$ 305,594</u>	<u>\$ 5,446</u>	<u>\$ 157,852</u>	<u>\$ 698,205</u>

The notes to the financial statements are an integral part of this statement.

**CALHOUN COUNTY, WEST VIRGINIA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2019**

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Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 267,473
<p>Capital outlays are reported as an expenditure in the governmental funds. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense charged during the year. (Note IV.C.)</p>	
	( 48,424)
<p>County pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the County's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>	
County pension contributions: (Note V)	87,717
Pension expense Note V	( 13,380)
County OPEB contributions: (Note V)	41,386
OPEB expense Note V	8,035
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. This is the difference between prior and current year deferred revenues.(Note II)</p>	
	6,583
Prior year deferred revenues: (56,512)	
Current year deferred revenues: 63,095	
	349,390
Change in net position of governmental activities	\$ 349,390

The notes to the financial statements are an integral part of this statement.

**CALHOUN COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual Modified <u>Accrual Basis</u>	Adjustments Budget <u>Basis</u>	Actual Amounts Budget <u>Basis</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>				
<b>REVENUES</b>						
Taxes:						
Ad valorem property taxes	\$ 969,035	994,035	\$ 991,979	\$ 4,154	\$ 996,133	\$ 2,098
Alcoholic beverages tax	100	100	586	--	586	486
Gas and oil severance tax	30,000	30,000	46,980	--	46,980	16,980
Other taxes	12,000	40,067	25,205	--	25,205	( 14,862)
Licenses and permits	2,600	2,600	6,052	--	6,052	3,452
Intergovernmental:						
State	75,000	114,161	40,409	--	40,409	( 73,752)
Charges for services	167,100	167,100	97,832	--	97,832	( 69,268)
Fines and forfeits	50	50	--	--	--	( 50)
Interest and investment earnings	10,000	10,000	38	--	38	( 9,962)
Refunds	--	--	404,501	--	404,501	404,501
Miscellaneous	139,500	139,500	50,767	--	50,767	( 88,733)
<b>Total revenues</b>	<b>1,405,385</b>	<b>1,497,613</b>	<b>1,664,349</b>	<b>4,154</b>	<b>1,668,503</b>	<b>170,890</b>
<b>EXPENDITURES</b>						
Current:						
General government	1,187,969	1,273,433	1,213,091	( 18,039)	1,195,052	78,381
Public safety	738,216	1,141,683	785,582	( 28,682)	756,900	384,783
Health and sanitation	6,200	6,440	2,440	--	2,440	4,000
Social services	19,200	19,200	19,200	--	19,200	--
<b>Total expenditures</b>	<b>1,951,585</b>	<b>2,440,756</b>	<b>2,020,313</b>	<b>( 46,721)</b>	<b>1,973,592</b>	<b>467,164</b>
Excess (deficiency) of revenues over expenditures	<u>( 546,200)</u>	<u>( 943,143)</u>	<u>( 355,964)</u>	<u>50,875</u>	<u>( 305,089)</u>	<u>638,054</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	521,200	886,100	475,065	--	475,065	( 411,035)
Proceeds from the sale of assets	--	--	--	--	--	--
<b>Total other financing sources (uses)</b>	<b>521,200</b>	<b>886,100</b>	<b>475,065</b>	<b>--</b>	<b>475,065</b>	<b>( 411,035)</b>
Net change in fund balance	( 25,000)	( 57,043)	119,101	50,875	169,976	227,019
Fund balance - beginning	25,000	57,043	109,901	52,858	57,043	--
Fund balance - ending	\$ --	\$ --	\$ 229,002	\$ 103,733	\$ 227,019	\$ 227,019

The notes to the financial statements are an integral part of this statement.

**CALHOUN COUNTY, WEST VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - COAL SEVERANCE TAX FUND**  
**For the Fiscal Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	Budget Basis	Final Budget Positive (Negative)
<b>REVENUES</b>				
Taxes:				
Coal severance tax	\$ 10,000	10,000	\$ 20,939	\$ 10,939
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>20,939</u>	<u>10,939</u>
<b>EXPENDITURES</b>				
Current:				
General government	20,000	20,000	20,691	( 691)
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>20,691</u>	<u>( 691)</u>
Net change in fund balance	( 10,000)	( 10,000)	248	10,248
Fund balance - beginning	<u>10,000</u>	<u>10,000</u>	<u>63</u>	<u>( 9,937)</u>
Fund balance - ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 311</u>	<u>\$ 311</u>

The notes to the financial statements are an integral part of this statement.

**CALHOUN COUNTY, WEST VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2019**

	Agency Funds
<b>ASSETS</b>	
Non-pooled cash	\$ <u>376,877</u>
Total assets	\$ <u><u>376,877</u></u>
<b>LIABILITIES</b>	
Due to: other governments	<u>376,877</u>
Total liabilities	\$ <u><u>376,877</u></u>

The notes to the financial statements are an integral part of this statement.



**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Except as noted, the accounting policies of Calhoun County, West Virginia (the County), conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of significant accounting policies:

**A. Reporting Entity**

Calhoun County is one of fifty-five counties established under the Constitution and the Laws of the State of West Virginia. There are six offices elected county-wide, which are: County Commission, County Clerk, Circuit Clerk, Assessor, Sheriff, and Prosecuting Attorney.

The County Commission is the legislative body for the government, and as such budgets and provides all the funding used by the separate Constitutional Offices except for the offices of the Assessor and the Sheriff, which also have additional revenue sources. The County Clerk's office maintains the accounting system for the County's operations. The operations of the County as a whole, however, including all the Constitutional offices, have been combined in these financial statements.

The services provided by the government and accounted for within these financial statements include law enforcement for unincorporated areas of the County, health and social services, cultural and recreational programs, and other governmental services.

The accompanying financial statements present the government and its component units as required by generally accepted accounting principles. In determining whether to include a governmental department, agency, commission or organization as a component unit, the government must evaluate each entity as to whether they are legally separate and financially accountable based on the criteria set forth by the Governmental Accounting Standards Board (GASB). Legal separateness is evaluated on the basis of: (1) its corporate name, (2) the right to sue and be sued, and (3) the right to buy, sell or lease and mortgage property. Financial accountability is based on: (1) the appointment of the governing authority and (2) the ability to impose will or (3) the providing of specific financial benefit or imposition of specific financial burden. Another factor to consider in this evaluation is whether an entity is fiscally dependent on the County.

*Discretely Presented Component Units*

Discretely presented component units are entities which are legally separate from the County, but are financially accountable to the County, or whose relationship with the County is such that exclusion would cause the County's financial statements to be misleading or incomplete. Because of the nature of services they provide and the County's ability to impose its will on them or a financial benefit/burden relationship exists, the following component units are discretely presented in accordance with GASB Statement No. 14 (as amended by GASB Statement No. 39). The discretely presented component units are presented on the government-wide statements.

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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The Calhoun County Building Commission serves Calhoun County, West Virginia, and is governed by a board comprised of 5 members appointed by the County Commission for a term of 5 years each. The Building Commission acquires property and debt on behalf of the County and also provides services to external parties.

*Jointly Governed Organizations*

The County, in conjunction with Wood County, Wirt County, Roane County, Ritchie County, and Pleasants County, has created the Mid-Ohio Valley Board of Health. The board is composed of 12 members with 2 members appointed by the Calhoun County Commission and 10 members from the other counties.

*Related Organizations*

The County's officials are also responsible for appointing the members of boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The County Commission appoints board members to the following organizations:

Name of Organization

Little Kanawha Transit Authority

Little Kanawha Research Conservation and Development Council

Calhoun County Committee on Aging

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Interest on general long-term debt liabilities is considered an indirect expense and is reported in the Statement of Activities as a separate line.

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collectible. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collectible within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, interest and special assessments are susceptible to accrual. Other receipts and taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The government reports the following major governmental funds:

The *General fund* is the government's primary operating fund. It accounts for all financial sources of the general government, except those required to be accounted for in another fund.

The *Coal Severance Tax fund*, a special revenue fund, accounts for revenues and expenditures from a severance tax placed on coal that is distributed to West Virginia counties. The State Auditor's Office requires an annual budget be submitted for approval for this fund.

The *Emergency 911 fund*, a special revenue fund, accounts for revenues and expenditures from a fee established to provide emergency services to the residents of the County.

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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The *County Excess Levy fund*, a special revenue fund, was established by the County and voted by the residents of the County to provide additional monies to the operations of the County.

Additionally, the government reports the following fund type:

The agency funds are custodial in nature (assets equal liabilities) and do not present results of operations or have a measurement focus. Agency funds are accounted for using the full accrual basis of accounting. These funds are used to account for assets that Calhoun County, West Virginia holds for others in an agency capacity.

Calhoun County, West Virginia follows FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with GASB Pronouncements in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

## **D. Assets, Liabilities, and net position or Equity**

### **1. Deposits and Investments**

Calhoun County, West Virginia's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of less than three months from the date of acquisition.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the County reports its investments at fair value, except for non-participating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in fair value of investments, are recognized as revenue in the operating statement. Fair value is determined by quoted market prices.

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Managed funds related to the retirement systems not listed on an established market are reported at estimated fair value as determined by the respective fund managers based on quoted sales prices of underlying securities. Cash deposits are reported at carrying amount, which reasonably estimates fair value. The composition of investments and fair values are presented in Note IV.A.

If it is determined that the available interest rate offered by an acceptable depository in the county is less than the interest rate, net of administrative fees referred to in article six, chapter twelve of the West Virginia Code, offered it through the state board of investments, the county treasurer may, with the approval of each fiscal body whose funds are involved, make such funds available to the state board of investments for investment in accordance with the provisions of article six, chapter twelve of the code.

State statutes authorize the government to enter into agreements with the State Treasurer for the investment of monies. Authority is provided for investment in the Investment Management Board, the West Virginia Board of Treasury or the Municipal Bond Commission, or to invest such funds in the following classes of securities: Any investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. §80a, the portfolio of which is limited: (i) To obligations issued by or guaranteed as to the payment of both principal and interest by the United States of America or its agencies or instrumentalities; and (ii) to repurchase agreements fully collateralized by obligations of the United States government or its agencies or instrumentalities: Provided, That the investment company or investment trust takes delivery of the collateral either directly or through an authorized custodian: Provided, however, That the investment company or investment trust is rated within one of the top two rating categories of any nationally recognized rating service such as Moody's or Standard & Poor's.

## **2. Receivables and Payables**

### *Interfund Transactions*

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables or payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

### *Property Tax Receivable*

The property tax receivable allowance is equal to 20 percent of the property taxes outstanding at June 30, 2019.

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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All current taxes assessed on real and personal property may be paid in two installments; the first installment is payable on September first of the year for which the assessment is made, and becomes delinquent on October first; the second installment is payable on the first day the following March and becomes delinquent on April first. Taxes paid on or before the date when they are payable, including both first and second installments, are subject to a discount of two and one-half percent. If the taxes are not paid on or before the date in which they become delinquent, including both first and second installments, interest at the rate of nine percent per annum is added from the date they become delinquent until the date they are paid. Taxes paid on or before the due date are allowed a two and one half percent discount. A tax lien is issued for all unpaid real estate taxes as of the date of the sheriff's sale and these liens are sold between October 14th and November 23rd of each year. Sixty days of estimated property tax collections are recorded in revenues at the end of each fiscal year.

All counties within the state are authorized to levy taxes not in excess of the following maximum levies per \$100 of assessed valuation: On Class I property, fourteen and three-tenths cents (14.30 cents); On Class II property, twenty-eight and six-tenths cents (28.60 cents); On Class III property, fifty-seven and two-tenths cents (57.20 cents); On Class IV property, fifty-seven and two-tenths cents (57.20 cents). In addition, counties may provide for an election to lay an excess levy; the rates not to exceed statutory limitations, provided at least sixty percent of the voters cast ballots in favor of the excess levy.

The rates levied by the County per \$100 of assessed valuation for each class of property for the fiscal year ended June 30 were as follows:

Class of Property	Assessed Valuation For Tax Purposes	Current Expense	Excess Levy
Class I	\$ - -	14.30 cents	3.47 cents
Class II	94,437,376	28.60 cents	6.94 cents
Class III	106,277,232	57.20 cents	13.88 cents
Class IV	11,044,152	57.20 cents	13.88 cents

Calhoun County, West Virginia held an election on May 8, 2018. The County was authorized to lay an excess levy to provide approximately \$312,296 annually during the five fiscal years beginning July 1, 2019 through June 30, 2024 for the purpose of adding additional funds that are needed to provide emergency medical services, law enforcement, fire protection, funds for the office of emergency services and for the expenses of the special election to the citizens of Calhoun County.

**3. Inventories and Prepaid Items**

There are no material inventories maintained; therefore they do not appear on the financial statements.

**4. Capital Assets and Depreciation**

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of capitalization policy amount example \$7,500 or more and estimated to have a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

The government depreciates the capital assets using the straight-line method. Capital assets depreciation and capitalization policies are defined by the government as follows:

<u>Asset</u>	<u>Straight-line Years</u>	<u>Inventory Purposes</u>	<u>Capitalize/ Depreciate</u>
Land	not applicable	\$ 1	\$ Capitalize only
Land improvement	20 to 30 years	1	25,000.00
Building	40 years	1	25,000.00
Building improvements	20 to 25 years	1	15,000.00
Construction in progress	not applicable	1	Capitalize only
Equipment	5 to 10 years	1,000	7,500.00
Vehicles	5 to 10 years	1,000	17,500.00
Infrastructure	40 to 50 years	50,000	100,000.00

**5. Compensated Absences**

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay should be accrued when incurred in the government-wide and fiduciary fund financial statements in accordance with GASB Statement No. 16, *Accounting for Compensated Absences*.

**6. Long-term Obligations**

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

**7. Fund Balances**

In the governmental fund financial statements, fund balance is reported in five classifications.

Nonspendable fund balance      Inventories and prepaid amounts represent fund balance amounts that are not in spendable form.

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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Restricted	The restricted category is the portion of fund balance that is externally imposed by creditors, grantors, contributors or laws or regulations. It also is imposed by law through constitutional provisions or enabling legislation.
Committed	The committed category is the portion of fund balance whose use is constrained by limitations have been approved by an order (the highest level of formal action) of the County Commission, and that remain binding unless removed in the same manner. The approval does not automatically lapse at the end of the fiscal year. The government does not have any committed fund balance this fiscal year.
Assigned	The assigned category is the portion of fund balance that has been approved by formal action of the County Commission/other official authorized to assign amounts for any amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
Unassigned	The unassigned category is the portion of fund balance that has not been reported in any other classification. Only the general fund can report a positive amount of unassigned fund balance. However, any governmental fund in a deficit position could report a negative amount of unassigned fund balance.

The County Commission is the government's highest level of decision-making authority. The Commission would take formal action to establish, and modify or rescind, a fund balance commitment or to assign fund balance amounts to a specific purpose. The government has adopted a revenue spending policy that provides guidance for programs with multiple revenue sources. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The government has the authority to deviate from this policy if it is in the best interest of the County.

**8. Stabilization Arrangements**

The government has created a stabilization arrangement in accordance with West Virginia Code § 7-21-3. The government may appropriate a sum to the arrangement from any surplus in the general fund at the end of each fiscal year or from other money available. The amount of money committed to the arrangement may not exceed thirty percent of the government's most recent general fund budget. The stabilization balance at fiscal year-end was \$ 50,002.

**9. Deferred Outflows/inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.



**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**10. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of the resources related to pensions, and pension expense, information about the fiduciary net position of Lincoln County's Public Employment Retirement System (PERS) and Deputy Sheriff's Retirement System (DSRS) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the PERS and DSRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value.

**11. Net Other Post-Employment Benefits (OPEB) Liability**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of the resources related to other post-employment benefits, and other post-employment benefit expenses, information about the fiduciary net position of County's Other Post-Employment Benefits Plan (OPEB) of the West Virginia Retiree Health Benefit Trust Fund (RHBTF) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the RHBTF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment are reported at fair value. Detailed information can be found in the plans' financial statements.

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities. One element of that reconciliation states that "Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this difference are as follows:

Current year deferred revenues	\$ 63,095
Prior year deferred revenues	( 56,512)
	\$ 6,583
Net adjustment to increase net change in fund balance-total governmental funds to arrive at changes in net position of governmental activities	\$ 6,583

**CALHOUN COUNTY, WEST VIRGINIA  
 NOTES TO THE FINANCIAL STATEMENTS  
 For the Fiscal Year Ended June 30, 2019**

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**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and the Coal Severance Tax Special Revenue Fund. All annual appropriations lapse at fiscal year end.

Calhoun County, West Virginia prepares its budget on the cash basis of accounting. Therefore, a reconciliation has been performed on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual for the General Fund.

Prior to March 2nd of each year, the various elected officials submit to the County Commission proposed requests for their respective offices for the fiscal year commencing July 1. Upon review and approval of these requests, the County Commission prepares proposed budgets on forms prescribed by the State Auditor and submits them to the State Auditor by March 28 for approval. The County Commission then reconvenes on the third Tuesday in April to hear objections from the public and to formally lay the levy.

The appropriated budget is prepared by fund, function and department. Transfers of appropriations between departments and revenue related revisions to the budget require approval from the governing council and then submission to the State Auditor for approval. Revisions become effective when approved by the State Auditor and budgeted amounts in the financial statements reflect only such approved amounts. The governing body made the following material supplementary budgetary appropriations throughout the year:

<u>Description</u>	<u>General</u>	<u>Coal Severance Tax</u>
General government expenditure increase	\$ 85,464	\$ --
Public safety expenditure decrease	403,467	--
Health and sanitation expenditure increase	240	--

**IV. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

At year-end, the government had no investments.

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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*Custodial Credit Risk*

For deposits, the government could be exposed to risk in the event of a bank failure where the government's deposits may not be returned. The government's policy for custodial credit risk is to comply with statutory provisions for depository bond coverage, which provides that no public money should be deposited until the banking institution designated executes a bond with good and sufficient sureties which may not be less than the maximum sum that is deposited in the depository at any one time.

At year end, the government's bank balances were \$1,120,529. The bank balance was collateralized by federal depository insurance or with securities held by the pledging financial institution's trust department or agent in the government's name.

A reconciliation of cash and investments as shown on the Statement of Net Position of the primary government and Statement of Net Position of the Fiduciary Funds is as follows:

Cash and cash equivalents	\$ 1,120,529
Total	<u>\$ 1,120,529</u>
Cash and cash equivalents	\$ 743,652
Cash and cash equivalents-restricted	<u>376,877</u>
Total	<u>\$ 1,120,529</u>

**B. Receivables**

Receivables at year end for the government's individual major and nonmajor funds, and fiduciary funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows:

	County		
	General	Excess Levy	Total
Receivables:			
Taxes	\$ 68,190	\$ 16,550	\$ 84,740
Gross Receivables	<u>68,190</u>	<u>16,550</u>	<u>84,740</u>
Less: Allowance for Uncollectible	<u>( 6,819)</u>	<u>( 1,655)</u>	<u>( 8,474)</u>
Net Total Receivables	<u>\$ 61,371</u>	<u>\$ 14,895</u>	<u>\$ 76,266</u>

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable
Delinquent property taxes receivable (General Fund)	\$ 50,772
Delinquent property taxes receivable (County Excess Levy Fund)	12,323
Total deferred/unearned revenue for governmental funds	\$ 63,095

**C. Capital Assets**

Capital asset activity for the fiscal year ended June 30 was as follows:

	Primary Government			
	Beginning Balance	Increases	Decreases	
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 30,000	\$ --	\$ --	\$ 30,000
Total capital assets not being depreciated	30,000	--	--	30,000
Capital assets being depreciated:				
Buildings and improvements	1,052,781	--	--	1,052,781
Contents	231,259	--	--	231,259
Machinery and equipment	494,937	--	--	494,937
Less: Total accumulated depreciation	( 1,268,133)	( 48,424)	--	( 1,316,557)
Total capital assets being depreciated, net	510,844	( 48,424)	--	462,420
Governmental activities capital assets, net	\$ 540,844	\$ ( 48,424)	\$ --	\$ 492,420

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 22,222
Public safety	21,740
Culture and recreation	4,462
Total depreciation expense-governmental activities	\$ 48,424

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of the fiscal year ended June 30 is as follows:

*Interfund Transfers:*

<u>Transferred from:</u>	<u>Transferred to:</u>	<u>Purpose</u>	<u>Amount</u>
E-911	General County	Reimbursement	\$ 318,118
Dog & Kennel	General County	Reimbursement	527
General School	General County	Reimbursement	23,735
Magistrate Court	General County	Reimbursement	2,000
Worthless Check	General County	Reimbursement	1,000
Home Confinement	General County	Reimbursement	8,594
Excess Levy	General County	Apportioned amount	76,511
Assessor Valuation	General County	Reimbursement	44,580
			<u>44,580</u>
Total			<u>\$ 475,065</u>

**E. Fund Balance Detail**

At year-end, the detail of the government's fund balances is as follows:

	<u>General</u>	<u>Coal Severance</u>	<u>E911</u>	<u>County Excess Levy</u>
Restricted:				
General government	\$	\$		5,446
Public safety			305,594	
Assigned:				
Budget carryover		311		
Unassigned	<u>229,002</u>			
Total fund balances	<u>\$ 229,002</u>	<u>\$ 311</u>	<u>\$ 305,594</u>	<u>\$ 5,446</u>
			<u>Non-major Funds</u>	<u>Total</u>
Restricted:				
General government			\$ 72,505	\$ 77,951
Public safety			85,347	390,941
Assigned:				
Budget carryover				311
Unassigned				<u>229,002</u>
Total fund balances			<u>\$ 157,852</u>	<u>\$ 698,205</u>

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**F. Long-term Debt**

**Changes in Long-term Liabilities**

	<b>Building Commission</b>				Due Within One Year
	Beginning Balance	Additions	Reductions	Ending Balance	
Net OPEB liability	510,693		( 55,966)	454,727	
Net pension obligation	260,463	--	( 125,085)	135,378	--
Governmental activities Long-term liabilities	\$ 771,156	\$ --	\$ ( 181,051)	\$ 590,105	\$ --

**V. OTHER INFORMATION**

**A. Risk Management**

The government is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries insurance with West Virginia State Board of Risk and Insurance Management for umbrella (general liability) insurance for these various risks.

Workers' Compensation Fund (WCF): West Virginia utilizes a single private insurance company, Brick Street Insurance, to provide workers' compensation coverage to all employers in the state. Other private insurance companies may begin to offer coverage to private sector employees beginning July 1, 2008 and to government employers beginning July 1, 2010. For the most part, all employers in the state, including governmental entities, must have coverage. The cost of all coverage, as determined by Brick Street, is paid by the employers. The WCF risk pool retains the risk related to the compensation of injured employees under the program.

Liabilities are reported when it is probable a loss has occurred and the amount of the loss can be reasonably estimated.

**B. Contingent Liabilities**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds.

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

It is the opinion of the government's counsel that there are no pending lawsuits or unasserted claims against Calhoun County, West Virginia.

**C. Deferred Compensation Plan**

The government offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time government employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are held for the exclusive benefit of the participants and their beneficiaries.

**D. Retiree Health Plan (RHP)**

***Plan Description:***

The government contributes to the West Virginia Other Postemployment Benefit Plan (the Plan), a cost-sharing, multiple-employer defined benefit postemployment healthcare plan. The financial activities of the Plan are accounted for in the West Virginia Retiree Health Benefit Trust Fund (RHBT), a fiduciary fund of the State of West Virginia. The Plan is administered by a combination of the West Virginia Public Employees Insurance Agency (PEIA) and the RHBT staff. Plan benefits are established and revised by PEIA and the RHBT management with approval of the Finance Board. The Finance Board is comprised of nine members. Finance Board members are appointed by the Governor, serve a term of four years and are eligible for reappointment. The State Department of Administration cabinet secretary serves as Chairman of the Board. Four members represent labor, education, public employees and public retirees. The four remaining members represent the public at large. The Plan had approximately 43,000 policyholders and 64,000 covered lives at June 30, 2018. The RHBT audited financial statements and actuarial reports can be found on the PEIA website at [www.peia.wv.gov](http://www.peia.wv.gov). You can also submit your questions in writing to the West Virginia Public Employees Insurance Agency, 601 57th. Street, SE, Suite 2, Charleston, WV, 25304.

***Benefits provided:***

The Plan provides medical and prescription drug insurance and life insurance. The medical and prescription drug insurance is provided through two options: 1) Self-Insured Preferred Provider Benefit Plan (primarily for non-Medicare-eligible retirees and spouses) and 2) External Managed Care Organizations (primarily for Medicare-eligible retirees and spouses).

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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***Contributions:***

Paygo premiums are established by the Finance Board annually. All participating employers are required by statute to contribute this premium to the RHBT at the established rate for every active policyholder per month. The active premiums subsidized the retirees' health care by approximately \$149 million for the fiscal year ending June 20, 2018.

***OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources***

At fiscal year-end, the government reported the following liabilities for its proportionate share of the net OPEB liability. The net OPEB liability, deferred inflows and outflows of resources and OPEB expense were determined by an actuarial valuation date as of June 30, 2017, rolled forward to June 30, 2018, which is the measurement date. The government's proportion of the net OPEB liability was based on a projection of the government's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2019, the government's reported the following proportions and increase/decreases from its proportion measured as of June 30, 2018:

Amount for proportionate share of net OPEB liability	\$ 454,727
Percentage for proportionate share of net OPEB liability	0.021195%
Increase/(decrease) % from prior proportion measured	0.00042665%

For the year ended June 30, 2019, the government recognized the following OPEB expenses.

Government-wide OPEB expense	<u><u>(\$ 8,035)</u></u>
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**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

The government reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ --	\$ ( 6,726)
Changes of assumptions	--	( 45,404)
Net difference between expected and actual earnings on OPEB plan investments	--	(8,417)
Changes in proportion and differences between government contributions and proportionate share of contributions	8,229	(103,175)
Government contributions subsequent to the measurement date	41,386	--
	\$ 49,615	\$ (163,722)

The amount reported as deferred outflows of resources related to OPEB resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2020	\$	(52,831)
2021		(52,831)
2022		(41,823)
2023		(8,008)
Total	\$	(155,493)

***Actuarial Assumptions***

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial assumptions	
Inflation rate	2.75%
Salary increases	Dependent upon pension system. Ranging from 3.0%-6.50% including inflation

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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Investment Rate of Return	7.15%, net of OPEB plan investment expense, including inflation
Mortality Rates	Post-Retirement: RP-2000 Healthy Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Healthy Annuitant Mortality Table projected with scale MP-2016 on a fully generational basis for Troopers A and B. Pre-Retirement: RP-2000 Non-Annuitant Mortality Table projected with Scale AA on a fully generational basis for PERS and TRS. RP-2014 Employee Mortality Table projected with Scale MP-2016 on a fully generational basis for Troopers A and B.
Discount rate	7.15% Actual trend used for fiscal year 2018, for fiscal years on and after 2019, trend starts at 8.00% and 10.00% for pre and post-Medicare, respectively, and gradually decreases to an ultimate trend of 4.5%. Excess trend rate of .13% and 0.00% for pre and post-Medicare, respectively, is added to healthcare trend rates pertaining to per capita claims beginning in 2022 to account for the excise tax.
Healthcare cost trend rates	

The long-term expected rate of return on OPEB plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following tables:

<u>Investment</u>	<u>Target Asset Allocation</u>
US Equity	27.5%
International Equity	27.5%
Fixed Income	15.0%
Real Estate	10.0%
Private Equity	10.0%
Hedge Funds	10.0%
	0.0%
	0.0%
	<hr style="width: 50%; margin: auto;"/>
	100.0%
	<hr style="width: 50%; margin: auto;"/>

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

	Long-Term Expected Real <u>Rate of Return</u>
Large Cap Domestic	17.0%
Non-Large Cap Domestic	22.0%
International Qualified	24.6%
International Non-Qualified	24.3%
International Equity	26.2%
Short-Term Fixed	0.5%
Total Return Fixed Income	6.7%
Core Fixed Income	0.1%
Hedge Fund	5.7%
Private Equity	19.6%
Real Estate	8.3%
Opportunistic Income	4.8%
Cash	0.0%

*Discount rate*. The discount rate used to measure the OPEB liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on OPEB plan investments were applied to all periods of projected benefit payments to determine the total OPEB liability.

The following table presents the government's proportionate share of its net OPEB liability calculated using the discount rate of percent and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1% Decrease	Current Discount Rate 7.15%	1% Increase
Government's proportionate share of RHBT net OPEB liability	\$ 534,441	\$ 454,727	\$ 400,994

The following table presents the government's proportionate share of its net OPEB liability calculated using the healthcare cost trend rate of percent and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Government's proportionate share of RHBT net OPEB liability	\$ 376,262	\$ 454,727	\$ 550,333

**CALHOUN COUNTY, WEST VIRGINIA  
NOTES TO THE FINANCIAL STATEMENTS  
For the Fiscal Year Ended June 30, 2019**

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**VI. EMPLOYEE RETIREMENT SYSTEMS AND PLANS**

*Plan Descriptions, Contribution Information, and Funding Policies*

Calhoun County, West Virginia participates in state-wide, cost-sharing, multiple-employer defined benefit plans on behalf of county employees. The system is administered by agencies of the State of West Virginia and funded by contributions from participants, employers, and state appropriations, as necessary.

The following is a summary of eligibility factors, contribution methods, and benefit provisions:

**Public Employees Retirement System (PERS)**

Eligibility to participate	All county full-time employees, except those covered by other pension plans	
Authority establishing contribution obligations and benefit provisions	West Virginia Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the State of West Virginia.	
Plan member's contribution rate	Tier I	Tier II
	4.50%	6%
County's contribution rate	10.00%	10.00%
Period required to vest	Five Years	
Benefits and eligibility for distribution	Tier I	
	Normal retirement if member who has attained age 60 and has earned 5 years or more of contributing service or age 55 if the sum of his/her age plus years of credited service is equal to or greater than 80. The final average salary (three highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.	
	Tier II	
	Normal retirement if member who has attained age 62 and has earned 10 years or more of contributing service. The final average salary (five highest consecutive years in the last 15) times the years of service times 2% equals the annual retirement benefit.	
Deferred retirement portion	No	
Provisions for:		
Cost of living	No	
Death benefits	Yes	

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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**West Virginia Deputy Sheriff Retirement System (WVDRS)**

Eligibility to participate	West Virginia deputy sheriffs first employed after the effective date and any deputy sheriffs hired prior to the effective date who elect to become members.
Authority establishing contribution obligations and benefit provisions	West Virginia Code §5-10d discusses the Consolidated Public Retirement Board, which administers all public retirement plans in the State of West Virginia. The WVDRS is also discussed in West Virginia State Code §7-14d.
Funding policy and contributions	Certain fees for reports generated by sheriff's offices are paid to this plan in accordance with West Virginia State Code. WVDRS members are required to contribute 8.5% of their annual covered salary and the county is required to contribute 12%. The contribution requirements of WVDRS members are established and may be amended only by the State of West Virginia Legislature.
Period required to vest	Five years
Benefits and eligibility for distribution	A member who has attained age 60 and has earned 5 or more years of contributing service or age 50 and if the sum of his/her age plus years of credited service is equal to or greater than 70. The final average salary (three highest consecutive years in the last ten years) times the years of service times 2.25% equals the annual retirement benefit.
Deferred retirement option	No deferred retirement option is available.
Provisions for cost of living adjustments or death benefits	This plan has no provisions for cost of living adjustments. There are provisions for death benefits.
Annual pension cost and amount contributed:	For the current fiscal year ended, the annual cost was \$11,558 for all covered employees with a contributed percentage of 100%.

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

*Trend Information*

<u>Fiscal Year</u>	<b>Public Employees</b>		<b>West Virginia</b>	
	<b><u>Retirement System (PERS)</u></b>		<b><u>Deputy Sheriff Retirement</u></b>	
	<b><u>Annual Pension</u></b>	<b>Percentage</b>	<b><u>Annual Pension</u></b>	<b>Percentage</b>
	<b>Cost</b>	<b>Contributed</b>	<b>Cost</b>	<b>Contributed</b>
2019	\$ 76,159	100%	\$ 11,558	100%
2018	\$ 85,181	100%	\$ 10,875	100%
2017	\$ 96,989	100%	\$ 10,172	100%

PERS and WVDRS issue a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to the Public Employees Retirement System, 4101 MacCorkle Avenue, SE, Charleston, WV 25304.

***Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions***

At fiscal year-end, the government reported the following liabilities for its proportionate share of the net pension liabilities. The net pension liabilities were measured as of June 30, 2018, and the total pension liability used to calculate the net pension liabilities were determined by an actuarial valuation as of that date. The government's proportion of the net pension liabilities was based on a projection of the government's long-term share of contributions to the pension plans relative to the projected contributions of all participating governments, actuarially determined. At June 30, 2019, the government's reported the following proportions and increase/decreases from its proportion measured as of June 30, 2018: Note: these amounts differ from the pension liability reported on the Statement of Net Position due to rounding and changes to the allocation schedules; however, the differences in these amounts are considered immaterial.

	<u>PERS</u>	<u>DSRS</u>
Amount for proportionate share of net pension liability	\$ 144,741	\$ (9,363)
Percentage for proportionate share of net pension liability	0.056046%	0.174418%
Increase/(decrease) % from prior proportion measured	-0.002826%	0.005016%

For the year ended June 30, 2019, the government recognized the following pension expenses.

	<u>PERS</u>	<u>DSRS</u>
Government-wide pension expense	<u>\$ 14,238</u>	<u>\$ 17,868</u>

The government reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

**Public Employees Retirement System (PERS)**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,180	\$ ( 358)
Net difference between projected and actual earnings on pension plan investments	--	( 85,174)
Changes in proportion and differences between government contributions and proportionate share of contributions	2,554	(16,224)
Government contributions subsequent to the measurement date	76,159	--
	\$ 85,893	\$ (101,756)

The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2020	\$	7,262
2021		(18,740)
2022		(66,126)
2023		(14,418)
 Total	 \$	 (92,022)

**Deputy Sheriffs' Retirement System**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,219	\$ (14,688)
Changes of assumptions		(3,949)
Net difference between projected and actual earnings on pension plan investments	--	(9,452)
Changes in proportion and differences between government contributions and proportionate share of contributions	11,945	(7,629)
Government contributions subsequent to the measurement date	11,558	--
	25,722	(35,718)

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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The amount reported as deferred outflows of resources related to pensions resulting from government contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2020	\$ (561)
2021	(2,598)
2022	(10,638)
2023	(4,353)
2024	(3,236)
Thereafter	<u>(168)</u>
Total	<u>\$ (21,554)</u>

***Actuarial assumptions***

*Actuarial assumptions*. The total pension liability was determined by an actuarial valuation as of July 1, 2017 and rolled forward to June 30, 2018 for all plans, using the following actuarial assumptions, applied to all periods included in the measurement.

**Public Employees Retirement System**

Actuarial assumptions

Inflation rate	3.00%
Salary increases	3.35%-6.0%
Investment Rate of Return	7.50%

- Mortality Rates Healthy males - 110% of RP-2000 Non-Annuitant, Scale AA fully generational
- Healthy females - 101% of RP-2000, Non-Annuitant Scale AA fully generational
- Disabled males - 96% of RP-2000, Non-Annuitant Scale AA fully generational
- Disabled females - 107% of RP-2000, Non-Annuitant Scale AA fully generational

The actuarial assumptions used in the July 1, 2016 PERS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

**Deputy Sheriffs' Retirement System**

Actuarial assumptions

Inflation rate	3.00%
Salary increases	5.0% for first 2 years of service 4.5% for next 3 years of service 4.0% for the next 5 years of service, and 3.5% thereafter
Investment Rate of Return	7.50%



**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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Mortality rates were based on the RP-2000 Non-annuitant mortality table, scale BB; Retired and disabled RP2000 healthy annuitant mortality table, scale BB.

The actuarial assumptions used in the July 1, 2016 DSRS valuation were based on the results of an actuarial experience study for the period July 1, 2011 to June 30, 2016.

Mortality rates for active were based on the RP-2000 Non-annuitant mortality table, scale BB; mortality rates for retired and disabled RP2000 healthy annuitant mortality table, scale BB.

The long-term expected rate of return on pension plan investments were determined using a building-block method in which estimates of expected real rates of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Rates summarized in the following table include the inflation component and were used for the following defined benefit plans:

<u>Investment</u>	Long-term Expected Real Rate of Return	PERS Target Asset Allocation	DSRS Target Asset Allocation
US Equity	7.0%	27.5%	27.5%
International Equity	7.7%	27.5%	27.5%
Core Fixed Income	2.7%	7.5%	7.5%
High Yield Fixed Income	5.5%	7.5%	7.5%
TPS	2.7%	0.0%	0.0%
Real Estate	7.0%	10.0%	10.0%
Private Equity	9.4%	10.0%	10.0%
Hedge Funds	4.7%	10.0%	10.0%
		<u>100.0%</u>	<u>100.0%</u>

*Discount rate.* The discount rate used to measure the total pension liability was 7.5 percent for all defined benefit plans. The projection of cash flows used to determine the discount rates assumed that employer contributions will continue to follow the current funding policies. Based on those assumptions, the fiduciary net position for each defined benefit pension plan was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rates of return on pension plan investments were applied to all periods of projected benefit payments to determine the total pension liabilities of each plan.

**CALHOUN COUNTY, WEST VIRGINIA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended June 30, 2019**

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The following chart presents the sensitivity of the net pension liability to changes in the discount rate, calculated using the discount rates as used in the actuarial evaluation, and what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Government's proportionate share of PERS's net pension liability	\$ 582,897	\$ 144,741	\$ 225,935
Government's proportionate share of DSRS's net pension assets	\$ 42,828	\$ 9,363	\$ 5,267

*Pension plans' fiduciary net position* . Detailed information about the pension plans' fiduciary net position is available in the separately issued financial report available at the Consolidated Public Retirement Board's website at [www.wvretirement.com](http://www.wvretirement.com). That information can also be obtained by writing to the West Virginia Consolidated Public Retirement Board, 4101 MacCorkle Avenue SE, Charleston, WV 25304.

**CALHOUN COUNTY, WEST VIRGINIA  
BUDGETARY COMPARISON SCHEDULE -  
ASSESSOR'S VALUATION FUND  
For the Fiscal Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with
	<u>Original</u>	<u>Final</u>	<u>Budget Basis</u>	<u>Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Other taxes	\$ 43,520	\$ 43,520	\$ 46,986	\$ 3,466
Map sales	100	100	2,910	2,810
Interest	--	--	147	147
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	43,620	43,620	50,043	6,423
	<hr/>	<hr/>	<hr/>	<hr/>
<b>EXPENDITURES:</b>				
Current:				
General government	39,040	39,040	1,315	37,725
Capital outlay	--	26,230	--	26,230
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	39,040	65,270	1,315	63,955
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	4,580	( 21,650)	48,728	70,378
	<hr/>	<hr/>	<hr/>	<hr/>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	( 44,580)	( 44,580)	( 44,580)	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	( 44,580)	( 44,580)	( 44,580)	--
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balance	( 40,000)	( 66,230)	4,148	70,378
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance at beginning of year	40,000	66,230	66,230	--
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balance at end of year	\$ --	\$ --	\$ 70,378	\$ 70,378
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes to the financial statements are an integral part of this statement.

**CALHOUN COUNTY, WEST VIRGINIA**  
**SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

**For the Fiscal Year Ended June 30, 2019**

Last 10 Fiscal Years\*

	PERS <u>2019</u>	WVDRS <u>2019</u>	PERS <u>2018</u>	WVDRS <u>2018</u>	PERS <u>2017</u>	WVDRS <u>2017</u>	PERS <u>2016</u>	WVDRS <u>2016</u>	PERS <u>2015</u>	WVDRS <u>2015</u>	PERS <u>2014</u>	WVDRS <u>2014</u>
Government's proportion of the net pension liability (asset) (percentage)	0.560460%	0.174418%	0.058872%	0.169402%	0.060613%	0.160412%	0.059121%	0.160130%	0.057635%	0.223044%	0.058540%	0.127809%
Government's proportionate share of the net pension liability (asset)	144,741 \$	(9,363)	254,116 \$	6,347 \$	557,108 \$	51,069 \$	330,134 \$	32,846 \$	212,710 \$	38,031 \$	533,666 \$	42,821
Government's covered-employee payroll	774,373 \$	90,625	808,242 \$	84,767 \$	828,726 \$	79,100 \$	804,259 \$	76,314 \$	771,795 \$	103,321 \$	797,092 \$	55,995
Government's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	18.69%	10.33%	31.44%	7.49%	67.22%	64.56%	41.05%	43.04%	27.56%	36.81%	66.95%	76.47%
Plan fiduciary net position as a percentage of the total pension liability	96.33%	102.50%	93.67%	98.17%	86.11%	84.48%	91.29%	89.31%	93.98%	90.52%	84.58%	80.20%

\* - The amounts presented for each fiscal year were determined as of June 30, 2017

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**CALHOUN COUNTY, WEST VIRGINIA**  
**SCHEDULE OF GOVERNMENT CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2019**  
**Public Employees Retirement System**  
 Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 76,159	\$ 85,181	\$ 96,989	\$ 111,878	\$ 112,596	\$ 111,910	\$ 111,593	\$ 121,554	\$ 111,583	\$ 96,501
Contributions in relation to the contractually required contribution	<u>(76,159)</u>	<u>(85,181)</u>	<u>(96,989)</u>	<u>(111,878)</u>	<u>(112,596)</u>	<u>(111,910)</u>	<u>(111,593)</u>	<u>(121,554)</u>	<u>(111,583)</u>	<u>(96,501)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Government's covered-employee payroll	\$ 761,586	\$ 774,373	\$ 808,242	\$ 828,726	\$ 804,259	\$ 771,795	\$ 797,092	\$ 838,305	\$ 892,665	\$ 877,284
Plan fiduciary net position as a percentage of the total pension liability	10.00%	11.00%	12.00%	13.50%	14.00%	14.50%	14.00%	14.50%	12.50%	11.00%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**CALHOUN COUNTY, WEST VIRGINIA**  
**SCHEDULE OF GOVERNMENT CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2019**  
**West Virginia Deputy Sheriff Retirement System**

Last 10 Fiscal Years\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 11,558	\$ 10,875	\$ 10,172	\$ 9,492	\$ 9,539	\$ 13,432	\$ 7,279	\$ 6,869	\$ 5,805	\$ 7,614
Contributions in relation to the contractually required contribution	<u>(11,558)</u>	<u>(10,875)</u>	<u>(10,172)</u>	<u>(9,492)</u>	<u>(9,539)</u>	<u>(13,432)</u>	<u>(7,279)</u>	<u>(6,869)</u>	<u>(5,805)</u>	<u>(7,614)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Government's covered-employee payroll	\$ 96,313	\$ 90,625	\$ 84,767	\$ 79,100	\$ 76,314	\$ 103,321	\$ 55,995	\$ 52,837	\$ 55,289	\$ 72,516
Plan fiduciary net position as a percentage of the total pension liability	12.00%	12.00%	12.00%	12.00%	12.50%	13.00%	13.00%	13.00%	10.50%	10.50%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**CALHOUN COUNTY, WEST VIRGINIA**  
**SCHEDULES OF THE GOVERNMENT'S PROPORTIONATE SHARE OF THE NET OPEB**  
**LIABILITY**  
**For the Fiscal Year Ended June 30, 2019**

Last 10 Fiscal Years\*

<b>Public Employees Insurance Agency</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Government's proportion of the net OPEB liability (asset) (percentage)	0.021195%	0.020768%
Government's proportionate share of the net OPEB liability (asset)	\$ 510,693	\$ 510,693
Government's covered-employee payroll	\$ 732,036	\$ 691,902
Government's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	69.76%	73.81%
Plan fiduciary net position as a percentage of the total OPEB liability	30.98%	25.10%

\*Information Prior to 2016 is not available

**CALHOUN COUNTY, WEST VIRGINIA**  
**SCHEDULE OF GOVERNMENT CONTRIBUTIONS**  
**For the Fiscal Year Ended June 30, 2019**

Last 10 Fiscal Years\*

**Public Employees Insurance Agency**

	<u><b>2019</b></u>	<u><b>2018</b></u>	<u><b>2017</b></u>
Contractually required contribution	\$ 41,386	\$ 43,489	\$ 42,658
Contributions in relation to the contractually required contribution	<u>(41,386)</u>	<u>(43,489)</u>	<u>(42,658)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Government's covered-employee payroll	\$ 640,958	\$ 732,036	\$ 691,902
Plan fiduciary net position as a percentage of the total OPEB liability	6.46%	5.94%	6.17%

\*Information prior to 2016 is not available





**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Calhoun County Commission  
363 Main St.  
Grantsville, West Virginia 26147

To the County Commission:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Calhoun County Commission, West Virginia (the Commission) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated April 19, 2022.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Commission's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Commission's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider significant deficiencies. We consider findings 2019-001 and 2019-002 to be significant deficiencies.

***Compliance and Other Matters***

As part of reasonably assuring whether the Commission's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-003.

**Commission's Response to Findings**

The Commission's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not subject the Commission's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*BHM CPA Group*

BHM CPA Group, Inc  
Huntington, West Virginia  
April 19, 2022

<b>Findings Related to the Financial Statements Required To be Reported in Accordance with GAGAS</b>
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**FINDING NUMBER 2019-001**

**Significant Deficiencies – Cash Drawers**

During the audit it was noted that multiple individuals work out of a single cash drawer in the various county offices. The Calhoun County Commission, Calhoun County elected officials and/or department heads do not have a system to ensure that all individual personnel are properly maintaining a separate cash drawer.

Proper internal controls dictate that a separate cash drawer be utilized by individual personnel. Failure to have proper controls in place could lead to errors or irregularities going unnoticed and uncorrected in a timely manner.

The County Commission and elected officials and/or department heads should implement systems to ensure that individual cash drawers are maintained.

**Officials Response:**

As with last year's response, all offices are working on having different cash drawers, but until then each office balances each day with the drawers. Receipts balance to transactions on a daily basis.

**FINDING NUMBER 2019-002**

**Significant Deficiencies – Segregation of Duties**

There is insufficient segregation of duties in the County. At times, the same employee of the County prepares checks, reconciles the bank accounts, records receipts, prepares deposits, collects fees, and prepares monthly reports for the respective office of the County.

Proper internal control procedures dictate the responsibility for approving, executing and recording transactions should rest with different individuals. Failure to maintain sufficient segregation of duties could allow errors and/or irregularities to go undetected without the knowledge of the County Commission.

We recommend the duties of writing receipts, preparing and making deposits, issuing checks, reconciling bank accounts, and preparing the monthly statements be segregated among different employees.

**Calhoun County, West Virginia**  
Schedule of Findings and Responses  
June 30, 2019

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**FINDING NUMBER 2019-002**  
**(Continued)**

**Officials Response:**

All elected officials' offices are still working on segregation of duties. In small counties, with limited number of employees we strive to segregate as many duties as possible. Each office does balance receipts and deposits on a daily basis.

**FINDING NUMBER 2019-003**

During the audit it was noted that the Calhoun County Commission incurred expenditures for certain items in the Coal Severance Tax Fund in excess of the amounts allocated for that item in the official estimated (budget) as last revised. Specifically, expenditures in the flowing budget category exceeded the approved amount.

	<u>Budget</u>	<u>Actual</u>	<u>Over Expenditure</u>
General Government	\$20,000	\$20,691	\$(691)

West Virginia Code § 11-8-26 states, in part, that :

“...a local fiscal body shall not expend money or incur obligations:

- (1) In an unauthorized manner;
- (2) For an unauthorized purpose;
- (3) In excess of the amount allocated to the fund in the levy order;
- (4) In excess of the funds available for current expenses”

The Calhoun County Commission, Calhoun County elected officials, and/or department heads did not have a policy to monitor compliance with this statute.

The Calhoun county Commission, Calhoun County elected officials, and/or department heads are directed to implement effective budgetary controls to insure that actual expenditures and/or encumbrances do not exceed the amounts allocated for those expenditures in the official levy estimate (budget) as approved by the State Auditor. Revisions are authorized with prior Written approval if submitted prior to the end of the fiscal year.

**Officials Response:**

A budget revision was prepared, however, no signed copy of the approval form the State Auditor can be located. We will ensue in the future that all submission receive a retuned signed approval.

**Calhoun County, West Virginia**  
 Schedule of Prior Audit Findings  
 June 30, 2019

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<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2018-001	Cash Drawers	No	Reissued as 2019-001
2018-002	Segregation of Duties	No	Reissued as 2019-002
2018-003	Expenditures in Excess of Amounts Allocated in the Levy Coal Severance Tax Fund	No	Reissued as 2019-003